BRITISH COLUMBIA

BC STATS

Service BC, Ministry of Labour and Citizens' Services
and the Ministry of Small Business and Revenue

Jade Norton
(250) 387-1124
Jade.Norton@gov.bc.ca
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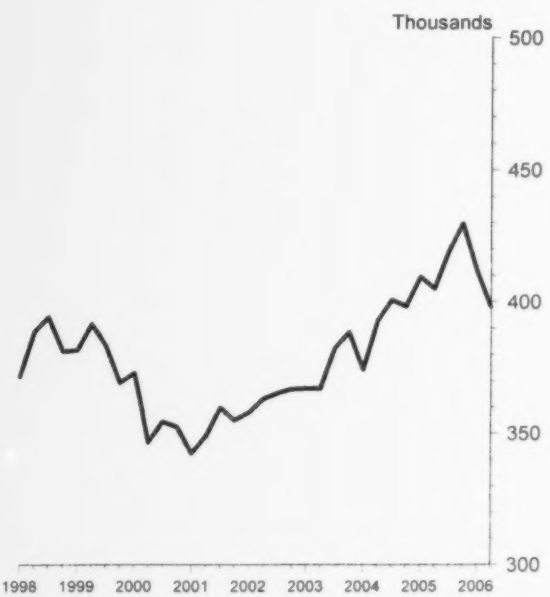
Small Business Quarterly ◆ 2nd Quarter 2006

- The number of small businesses in BC (excluding self-employed persons without paid help) climbed 4.8% in the second quarter of 2006 compared to the same period a year earlier. This comes on the heels of a similar increase last quarter (+4.5%) and was again fuelled by a 6.5% increase in micro businesses with fewer than five employees.
- For the first time in five years, the number of self-employed in BC declined, falling 1.7% in the second quarter compared to the same period a year earlier. The largest drop was in self-employed with paid help (-5.8%), but the count of those without paid help edged down as well (-0.2%).
- While the number of self-employed fell, the number of employees of small business climbed 3.2% in the second quarter. The fastest growth in small business employment was in businesses with 20-49 employees (+4.8%), although employment growth in businesses with fewer than 20 employees was also robust, at 3.2%.
- Both business and consumer bankruptcies fell significantly in the second quarter. Business bankruptcies plunged 21.3%, while consumer bankruptcies dropped 13.8%. A relatively strong economy and reasonably low interest rates are contributing to the reduction in business and consumer insolvencies.
- There was a 6.6% jump in the number of new BC business incorporations in the second quarter. The count of 7,984 new incorporations in the quarter was the highest recorded since the first quarter of 1994.
- The value of both industrial and commercial building permits in BC rose in the second quarter with industrial permits increasing 15.9% and commercial permits climbing 10.5%.
- The number of urban housing starts in BC continued to increase in the second quarter (+3.7%), buoyed by brisk growth in Vancouver (+9.1%). This is occurring despite higher interest rates. The prime lending rate has risen 1.75 points in the last year, while conventional 5-year mortgage rates are up 1.05 percentage points.
- Manufacturers in the province are reporting significant labour shortages. While skilled labour has been in short supply for some time now, the dearth of workers is now starting to be felt with unskilled labour as well.

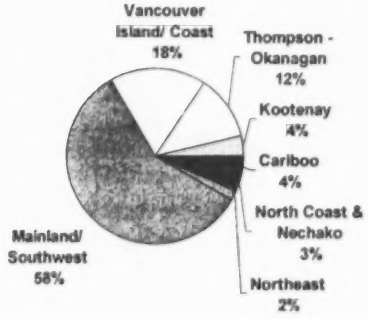
The number of self-employed experienced a year-over-year decline for the first time in 5 years



Regional Outlook: BC's Northeast

With the 2010 Olympic Games fast approaching, British Columbia's economic climate has become a hot topic. Given the demographics of the province, the most populous areas are usually in the forefront of discussion on business and the economy while others generally tend to get less attention. In 2005, the Mainland/Southwest development region, which includes Greater Vancouver, was home to approximately 58% of the province's residents. Vancouver Island/Coast had an 18% share of BC's population, while the Thompson-Okanagan had 12%. The province's remaining regions together accounted for 12% of the population.

Distribution of BC's population by region



Data Source: Statistics Canada & BC Stats

Regardless of the province's population distribution, the economic impact of the 2010 Olympics is predicted to bode well for all regions of the province, not just those located nearest the host city of Vancouver. The games-induced increase in domestic and international travel to the province, along with spiked interest in tourism, is expected to have a positive impact on business throughout BC. Indeed, one of the goals of the 2010 Olympic Secretariat is to promote the advancement of cultural, economic and social legacies, which would benefit "every community in British Columbia".[1]

In order to determine the potential for economic growth in the province as a whole, it is important to consider the valuable contribution of all its parts. One particular region of interest is the Northeast. This area of the province is home to the smallest proportion of British Columbians and is essentially the furthest in terms of proximity to Mainland/Southwest. The Northeast has recently shown signs of strong economic growth, in some ways beyond that of other regions in the province.

Located in the upper north-east corner of BC, this development region is comprised of two districts, Peace River and Northern Rockies. Main urban centres in the area include Dawson Creek, Fort St. John and Fort Nelson. The Northeast is well known for its activity in the oil and gas industry and business activity in the region is heavily influenced by such activities. This part of the province has been a focus of petroleum exploration and development since the 1950s and as such, its three largest cities have strong ties to this industry.

Dawson Creek was host to BC's 2003 Oil and Gas Conference and will welcome the conference again in October, 2006. Known as the "Energy Capital of BC," Fort St. John is the largest city in northeastern BC, and is the transportation and service hub for the area. Fort Nelson's economy relies heavily on lumber

[1] British Columbia Olympic and Paralympic Winter Games Secretariat – Progress Report (http://www.ecdev.gov.bc.ca/2010Secretariat/mission.htm)

and natural gas as the mainstay of its economy, and is home to North America's largest gas processing plant.

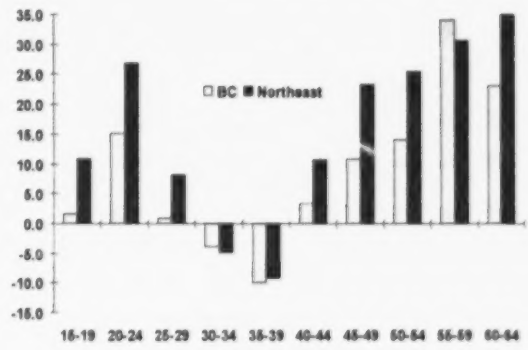
Despite the relative importance of oil and gas exploration and development, there are many other industries into which the region is quickly gaining footholds. The service sector is an integral and growing part of north-eastern communities as it provides essential services to other sectors of the economy including the petroleum, forestry, and mining industries. Tourism is also becoming increasingly important to the region and is a sector with significant growth potential both demographically and economically.

Population begins steady increase

While geographically vast, the Northeast is home to only 2% of BC's population and has historically experienced periods of slow growth as well as periods of shrinking population. Over the past decade, net migration for the Northeast has been predominantly negative and these outflows have resulted in a net loss of population. However, in the last few years, net migration has been positive, leading to overall population increases in the region for the fourth consecutive year in 2005 (+1.5%). Between 2000 and 2005, the population in the Northeast increased by nearly nine percent (+8.9%) while BC's population grew at a comparatively slower 5.3%.

The Northeast has also seen different shifts in the character and structure of its population than has the province as a whole, specifically in terms of age and sex. BC's population of young people aged 15 to 29 increased by 5.7% from 2000 to 2005 while the same age group expanded at nearly three times the pace (+15.1%) in the Northeast.

Percent change of work-age population in BC and Northeast from 2000 to 2005

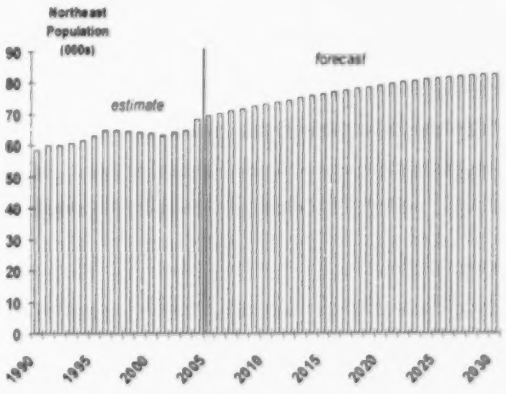


Data Source: Statistics Canada & BC Stats

The sex ratio in the Northeast is heavily biased in favour of males, likely due to the region's dependency on largely male-dominated resource industries.

The abundance of natural resources located in the area adds a fair amount of growth potential and projections indicate strong population growth over the long-term.

Population Expected to Increase Steadily



Data Source: BC Stats population projection (P.E.O.P.L.E. 31. July, 2006)

Strong employment in goods-producing sector

Since 2000, total employment in the Northeast has hovered between 32,000 and 35,000. Based on the North American Industry Classification System (NAICS), the employment pattern in the

Northeast is quite different from that of BC as a whole.

At 36% of the region's total employment, the goods producing sector had a larger share of employment in the Northeast than in any other region of the province in 2005. Not surprisingly, given the region's wealth of natural resources, this exceeds BC as a whole, where only 21% of overall employment was in this sector. Among goods-producing industries in the region, forestry, fishing, mining, oil & gas and construction employed the most workers in 2005. On the services side, trade, transportation & warehousing and accommodation & food services were the biggest players.

Northeast's 2005 employment distribution by industry

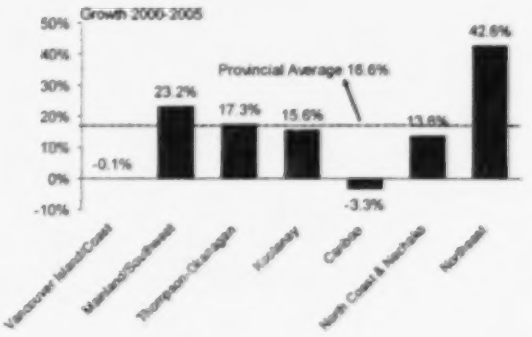
	% of total employment
Total employment	**100.0**
Goods-producing sector	**36.2**
Agriculture	7.3
Forestry, fishing, mining, oil and gas	10.8
Utilities	0.0
Construction	11.4
Manufacturing	5.8
Services-producing sector	**63.8**
Trade	14.6
Transportation and warehousing	8.7
Finance, insurance, real estate and leasing	0.0
Professional, scientific and technical services	5.2
Business, building and other support services	0.0
Educational services	5.0
Health care and social assistance	6.4
Information, culture and recreation	0.0
Accommodation and food services	7.3
Other services	5.8
Public administration	0.0

Data Source: Statistics Canada

Leader in self-employment growth

The Northeast led the province in self-employment growth between 2000 and 2005. Over this period, the number of self-employed in the region grew at a notable average annual rate of nearly 43%, more than double the provincial pace (+17% annually).

Regional self-employment growth rate 2000-2005



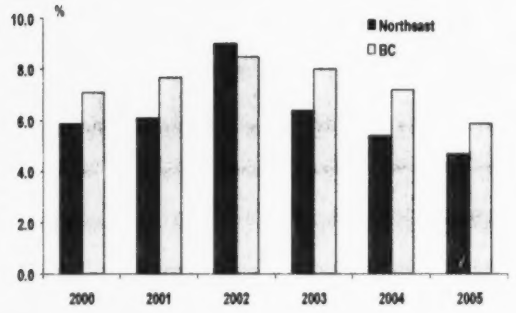
Data Source: Statistics Canada

Over the past five years in British Columbia, the proportion of total employment comprised of self-employed workers has been increasing steadily. In 2005, self-employment accounted for nearly 20% of total employment, up from 19% in 2004. At over 25% of total employment, the Northeast had an even higher percentage of self-employed in 2005, up five percentage points from 20% in 2004.

Lowest unemployment rates

Generally, the most populous regions of the province are prone to the lowest unemployment rates, while the more northerly, rural regions tend to have the highest rates. The Northeast is an exception to this trend. Partly reflecting its diversity of industry sectors in goods as well as services, it has historically recorded below average unemployment rates.

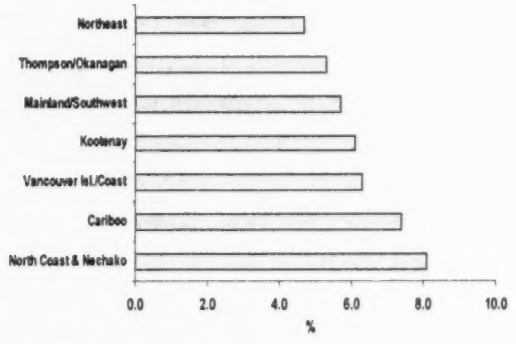
Unemployment rates generally lower in Northeast



Data Source: Statistics Canada

With the exception of 2002, unemployment rates have been below the provincial average since 2000. In 2005, it boasted the lowest unemployment rate in the province (4.7%), well below BC's rate of 5.9%.

Northeast had lowest unemployment rate in 2005

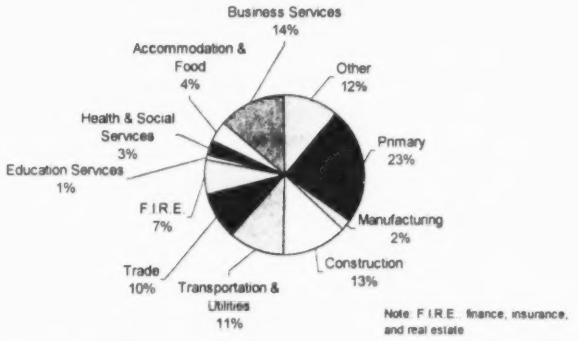


Data Source: Statistics Canada

Economic structure

Like its employment patterns, the activities in which businesses in the Northeast are engaged are varied. In 2005, approximately 23% of all operating businesses were in primary industry, while a further 13% were in construction. For the service sector as a whole, the largest concentration was in business services, which represent 14% of the region's businesses, followed by transportation & utilities (11%) and wholesale & retail trade (10%).

Distribution of operating businesses in Northeast by industry, 2005



Data Source: Statistics Canada

Small business booming

In 2005, 97% of businesses in the Northeast were classified as small businesses (with 0-49 employees). In some industries, such as agriculture, forestry, fishing & hunting almost all firms (99.6%) fall in this category. It is clear that, as in the rest of the province, small business is a vital component of the region's economy.

The distribution of small businesses among the province's regions is relatively on par with each region's share of BC's population. In 2005, approximately 57% of BC's small businesses were located in the Mainland/Southwest region, which includes Greater Vancouver, and Vancouver Island/Coast was home to a further 18%. The Thompson-Okanagan region was ranked third with 12% of small businesses. The remaining regions together accounted for around 13% of small businesses of which 2% were in the Northeast.

Despite its modest share of small businesses, between 2000 and 2005, the Northeast led the province in terms of growth with an average annual growth rate of 3.8%. This translates to an aver-

age annual addition of 200 new small businesses to the region and exceeds the average annual provincial growth rate of 1.3% over the same period.

Tourism gains ground

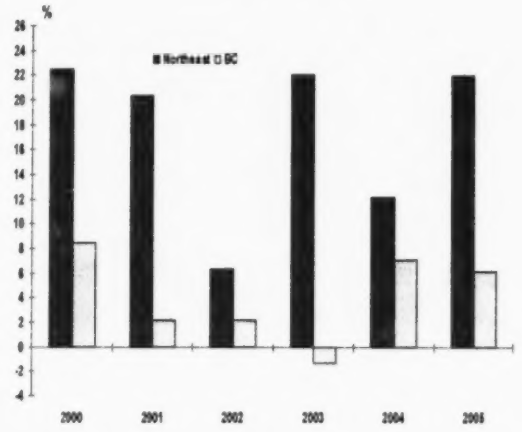
One of the obvious industries expected to experience an Olympic-induced boost over the next few years is tourism.

Despite its heavy reliance on a natural resource economy, tourism in the Northeast has been gaining steady ground. Tourists are drawn to the region for various reasons including the lure of remote areas and spectacular scenery. Eco-tourism continues to grow in the region as more and more tourists travel to the area to participate in outdoor activities such as fishing and white-water rafting. The success and growth of this industry will inevitably have a considerable impact on the region's businesses.

Since 2000, there has been a 15% increase in the number of accommodation properties in the Northeast. Special camps are set up to accommodate seasonal workers in the region, many of whom are employed in the oil and gas industry.

The Northeast accommodation market made up just two percent of total BC room revenues in 2000, but the share has been increasing steadily in recent years and revenue growth has surpassed that of any other region in the province. In 2005, room revenues in the Northeast contributed nearly four percent of total provincial room revenues, almost double its 2000 contribution. In 2005, revenues in the region climbed 22% from 2004 levels, more than any other development region and at a much faster pace than that of the province as a whole (+6%).

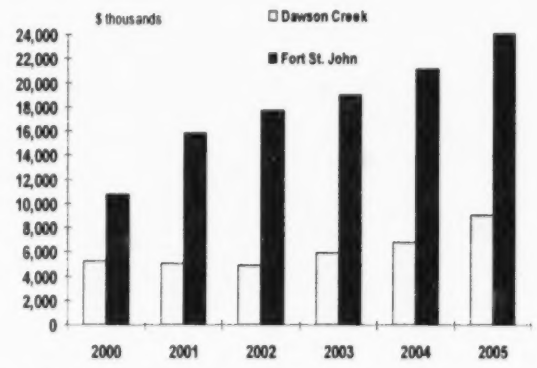
Northeast outperforms BC in annual room revenue increases



Data Source: Statistics Canada & BC Stats

Room revenues in Fort St. John climbed more than 30% from 2004 to 2005 and the city has seen an annual increase in room revenue for the past six years. The city of Dawson Creek has also seen significant increases in room revenues, increasing for the third consecutive year in 2005 (+33%).

Room revenues continue to grow in urban centres



Data Source: Statistics Canada & BC Stats

One of the main methods of travel to the Northeast is by plane. The Fort St. John airport is the busiest airport in the Northeast region, followed by Fort Nelson and Dawson Creek. Traffic at the Fort St. John airport, which serves the northern-most areas of the region, in-

creased (+12.9%) to almost 40,500 movements in 2005, ranking it seventh among medium-sized airports (those with flight service stations) in Canada. Air traffic was also up at Dawson Creek airport (+35.4% to 9,200 movements) while traffic was down slightly at Fort Nelson (-4.3% to 18,086).

It is clear that in more ways than one, the Northeast has shown significant signs of growth in recent years. Only time will tell what sort of impact the 2010 Olympics will have on BC's development regions. Olympics aside, with its increasing, youthful population, longstanding reliance on primary industry and growing tourism sector, business in the Northeast is poised to continue to expand. Its unique economic structure along with its abundance of natural resources indicate substantial growth potential and establishes the region as an integral part of BC's economic landscape.

Recent Feature Articles Listed by Issue Number

06-2: *'Regional Outlook: BC's North-east'* (released Oct 2006)

06-1: *'Now Hiring: BC's Labour Well Running Dry'* (released Jun 2006)

05-4: *'The Business Gateway'* (released Mar 2006)

05-3: *'BC Restaurants: An Industry Overview'* (released Dec 2005)

05-2: *'Effects of Canadian Dollar Mixed for Small Business'* (released Oct 2005)

05-1: *'Small Businesses that Export'* (released Jun 2005)

04-4: *'Small Business Outlook'* (released Mar 2004)

04-3: *'Lumber Dispute Big Issue for Small Business'* (released Dec 2004)

04-2: *'Small Business and Older Workers'* (released Oct 2004)

04-1: *'Small Business Suffers Gas Pains'* (released Jun 2004)

03-4: *'Small Business is Embracing the Internet'* (released Mar 2004)

03-3: *'Cost of Insurance is the Top Concern for Small Business in BC'* (released Dec 2003)

03-2: *'Chartered Bank Business Loans Continue to Decline'* (released Sep 2003)

03-1: *'Moonlighting in British Columbia'* (released Jun 2003)

02-4: *'Stay-at-Home Workers'* (released Mar 2003)

02-3: *'Profile of Women Entrepreneurs'* (released Jan 2003)

02-2: *'A Comparison of Small Business Size, 1993 and 2001'* (released Sep 2002)

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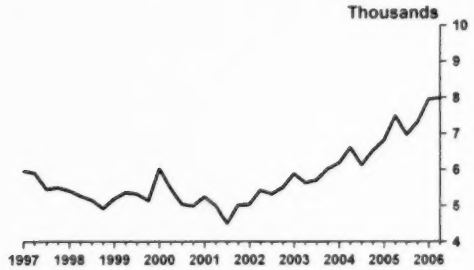
99-4: *'Transfers of Corporate Charters to Other Provinces Suggest Business Migration From British Columbia'* (released Jul 2000)

99-3: *'755 Thousand British Columbians Rely On Small Businesses For Jobs'* (released Mar 2000)

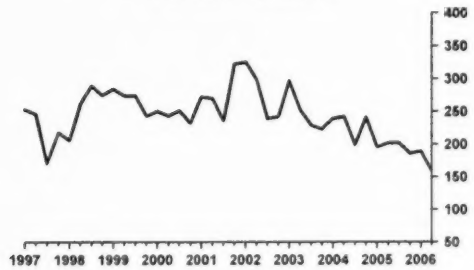
99-2: *'A Quarter of All Employees In British Columbia Work For Small Employers'* (released Nov 1999)

Business Counts, Formations and Failures

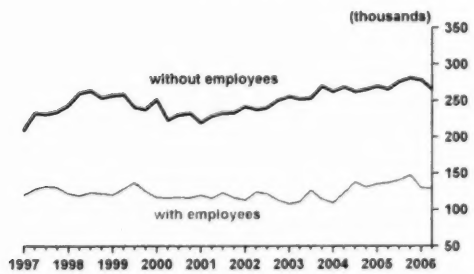
New Business Incorporations in British Columbia



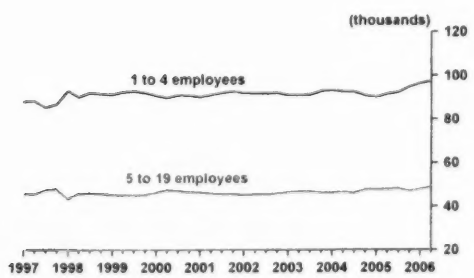
Number of Business Bankruptcies in British Columbia



Self-Employed Persons



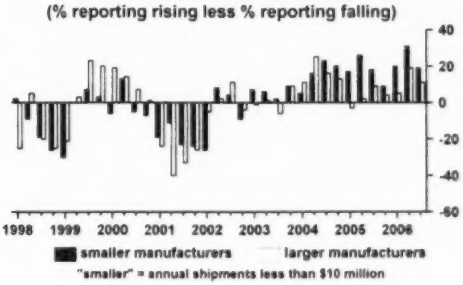
Small Businesses With Employees



Business Conditions

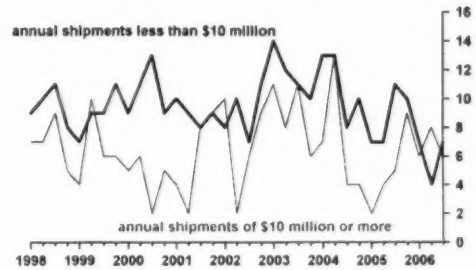
Balance of Opinion on New Orders Received at Start of Quarter

(% reporting rising less % reporting falling)

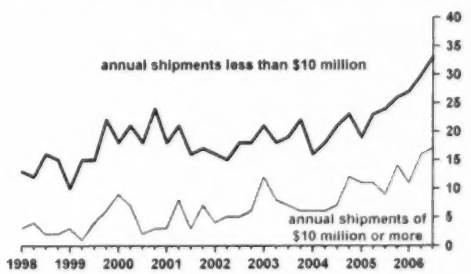


"smaller" = annual shipments less than $10 million

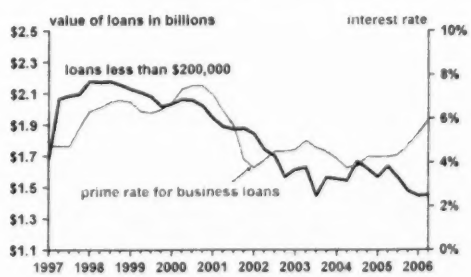
Per Cent of Manufacturers Experiencing Shortage of Working Capital



Per Cent of Manufacturers Experiencing Shortage of Skilled Labour



Chartered Bank Business Loans in British Columbia



Small Business Quarterly

Table 1

Period	Active Employer Businesses [1] by number of employees						Employment [2] by number of employees in business				Self-employed [3]		
	Total	1-4	5-9	10-19	20-49	1-49	Total [4]	1-19	20-49	50+	Total [5]	with paid help	without paid help
	('000)						('000)				('000)		
Annual Averages													
1997	150.9	87.2	27.5	19.2	11.7	145.5					360.1	127.9	225.7
1998	153.7	91.6	26.9	18.2	11.5	148.2					383.8	121.7	255.6
1999	154.6	92.0	26.8	18.2	11.9	148.9					381.4	127.8	248.8
2000	156.6	90.5	27.5	19.3	13.0	150.3	1,565.3	411.5	181.9	971.9	356.6	116.6	234.4
2001	156.9	91.5	27.2	18.5	12.4	149.7	1,585.7	412.3	186.3	987.1	351.4	118.7	228.9
2002	156.8	91.8	27.2	18.3	12.4	149.6	1,603.4	412.7	194.3	996.4	363.3	117.9	242.6
2003	157.6	91.4	27.8	18.7	12.5	150.4	1,634.9	418.9	202.1	1,013.9	376.3	114.9	257.7
2004	158.4	92.1	27.7	18.9	12.5	151.2	1,666.6	432.6	204.5	1,029.5	391.5	124.9	264.4
2005	160.7	92.1	28.2	19.5	13.3	153.0	1,700.8	438.4	207.7	1,054.8	415.8	139.6	273.1
% change 2004-2005	1.4%	0.0%	1.6%	3.1%	6.5%	1.2%	2.1%	1.3%	1.6%	2.4%	6.2%	11.8%	3.3%
Quarterly	*End of Quarter*						*Quarterly*				*Quarterly Averages*		
2003 Q1	157.2	90.9	27.8	18.6	12.6	149.8	1,610.9	407.7	192.7	1,010.6	367.1	107.8	255.6
Q2	157.4	91.0	27.9	18.7	12.6	150.2	1,651.8	420.1	204.2	1,027.5	367.1	110.7	252.3
Q3	157.5	91.1	27.9	18.8	12.5	150.3	1,634.8	426.4	207.0	1,001.4	382.5	126.6	253.4
Q4	158.4	92.8	27.7	18.6	12.3	151.3	1,641.9	421.4	204.5	1,016.0	388.4	114.3	269.6
2004 Q1	158.7	93.0	27.5	18.7	12.3	151.6	1,624.1	418.2	199.3	1,006.6	374.3	109.2	262.3
Q2	158.5	92.5	27.7	18.8	12.3	151.3	1,681.2	437.4	205.9	1,038.0	392.7	122.5	268.4
Q3	158.0	92.4	27.5	18.6	12.3	150.8	1,675.3	440.3	209.9	1,025.1	400.7	137.3	261.9
Q4	158.4	90.6	28.1	19.4	13.0	151.0	1,685.9	434.5	202.9	1,048.5	398.2	130.7	265.1
2005 Q1	158.3	90.0	28.1	19.4	13.2	150.7	1,662.3	426.3	196.6	1,039.5	409.4	134.7	269.8
Q2	160.1	91.4	28.2	19.5	13.4	152.5	1,715.1	439.8	207.6	1,067.7	404.9	136.5	265.6
Q3	161.7	92.2	28.3	19.8	13.5	153.8	1,702.6	445.3	217.1	1,040.1	419.1	140.6	275.8
Q4	162.7	94.7	28.0	19.1	13.1	154.9	1,723.2	442.0	209.4	1,071.8	429.6	146.7	281.2
2006 Q1	165.4	96.3	28.4	19.5	13.4	157.5	1,716.8	437.6	205.8	1,073.4	412.0	129.6	277.8
Q2	167.8	97.3	28.8	20.0	13.6	159.8	1,770.4	453.7	217.6	1,099.1	398.0	128.5	265.1
% change year-over-year last available quarter	4.8%	6.5%	1.9%	2.7%	2.0%	4.8%	3.2%	3.2%	4.8%	2.9%	-1.7%	-5.8%	-0.2%
Monthly													
Sep-05											419.3	137.0	280.6
Oct-05											433.3	143.0	288.6
Nov-05											425.1	152.7	271.3
Dec-05											430.5	144.5	283.6
Jan-06											410.7	133.2	273.1
Feb-06											408.9	128.4	275.7
Mar-06											416.5	127.1	284.5
Apr-06											405.0	128.9	271.9
May-06											399.2	135.4	259.3
Jun-06											389.7	121.3	264.2
Jul-06											402.8	136.4	257.8
Aug-06											424.7	140.6	277.7
% change year-over-year last available month											1.6%	-1.3%	2.1%
year-to-date	-	-	-	-	-	-	-	-	-	-	407.2	131.4	270.5

Notes:

[1] Source: Business Register

[2] Source: Survey of Employment, Payroll and Hours

[3] Source: Labour Force Survey

[4] Industrial aggregate excluding unclassified

[5] Total self-employed includes persons working in family business without pay

Source: Statistics Canada.
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Period	Business Formation Indicators: New BC Business Incorporations	Business Formation Indicators: Registrations Extraprovincial Companies (number)	Business Formation Indicators: Registrations Unincorporated Businesses	Bankruptcies: Business (number)	Bankruptcies: Consumer (number)
Annual Totals					
1996	22,848	2,061	20,367	948	6,436
1997	22,958	2,188	19,863	895	7,366
1998	20,759	2,233	19,507	1,031	7,327
1999	21,009	2,366	20,917	1,075	8,179
2000	21,515	2,528	20,822	976	9,181
2001	19,749	2,479	21,306	1,100	9,474
2002	21,262	2,383	22,487	1,105	9,527
2003	23,243	2,544	25,121	1,002	9,393
2004	25,428	2,456	25,244	921	8,386
2005	28,593	2,618	26,200	786	8,179
% change 2004-2005	12.4%	6.6%	3.8%	-14.7%	-2.5%
Quarterly Totals					
2002 Q1	5,035	604	5,335	325	2,469
Q2	5,417	616	6,220	299	2,472
Q3	5,313	559	5,772	239	2,388
Q4	5,497	604	5,160	242	2,198
2003 Q1	5,878	694	6,878	297	2,467
Q2	5,638	674	6,642	253	2,463
Q3	5,711	547	5,852	229	2,272
Q4	6,016	629	5,749	223	2,191
2004 Q1	6,175	755	6,835	239	2,299
Q2	6,602	547	6,655	242	2,254
Q3	6,128	618	5,796	199	1,909
Q4	6,523	536	5,958	241	1,924
2005 Q1	6,814	544	6,637	196	2,205
Q2	7,489	719	7,452	202	2,187
Q3	6,970	750	6,247	202	1,945
Q4	7,320	605	5,864	186	1,842
2006 Q1	7,958	821	7,325	189	1,943
Q2	7,984	843	7,231	159	1,885
% change year-over-year last available quarter	6.6%	17.2%	-3.0%	-21.3%	-13.8%
Monthly					
Sep-05	2,419	253	2,052	66	670
Oct-05	2,408	181	2,050	66	615
Nov-05	2,469	233	2,064	60	710
Dec-05	2,443	191	1,750	60	517
Jan-06	2,477	250	2,329	61	581
Feb-06	2,602	273	2,307	63	655
Mar-06	2,879	298	2,689	65	707
Apr-06	2,407	247	2,298	53	607
May-06	2,862	264	2,541	58	632
Jun-06	2,715	332	2,392	48	646
Jul-06	2,364	239	2,140	37	484
Aug-06	2,518	229	2,170	32	577
year-to-date	20,824	2,132	18,866	417	4,689
% change year-over-year last available month	8.0%	-11.9%	0.0%	-57.9%	-10.8%

Sources: BC Ministry of Finance, Industry Canada.

Period	Interest Rates			Exchange Rate	Consumer Price Index		
	Bank Rate	Prime Rate	Conventional 5 Year Mortgage	Canadian $ Average Noon Spot Rate	BC	Vancouver*	Victoria*
	(per cent)			(U.S. ¢)	(1992=100)		
Annual Averages							
1998	5.10	6.60	6.93	67.48	110.0	110.4	110.0
1999	4.92	6.44	7.56	67.32	111.2	111.4	111.1
2000	5.77	7.27	8.35	67.34	113.3	113.9	113.0
2001	4.31	5.81	7.40	64.58	115.2	116.0	114.3
2002	2.71	4.21	7.02	63.69	117.9	118.6	117.4
2003	3.19	4.69	6.39	71.58	120.4	121.0	120.0
2004	2.50	4.00	6.23	76.98	122.8	123.4	122.8
2005	2.92	4.42	5.99	82.60	125.3	125.7	125.5
% change 2004-2005	N/A	N/A	N/A	7.3%	2.0%	1.9%	2.2%
difference 2004-2005	0.42	0.42	-0.24	N/A	N/A	N/A	N/A
Quarterly Averages							
2003 Q1	3.08	4.58	6.33	66.26	119.7	120.4	119.3
Q2	3.50	5.00	6.20	71.58	120.3	120.9	119.8
Q3	3.17	4.67	6.28	72.46	120.9	121.4	120.5
Q4	3.00	4.50	6.45	76.00	120.8	121.4	120.5
2004 Q1	2.67	4.17	5.85	75.90	121.2	121.8	121.0
Q2	2.25	3.75	6.45	73.57	123.1	123.7	123.0
Q3	2.33	3.83	6.38	76.51	123.4	124.0	123.4
Q4	2.75	4.25	6.25	81.94	123.6	124.2	123.7
2005 Q1	2.75	4.25	6.12	81.50	123.8	124.5	123.9
Q2	2.75	4.25	5.90	80.40	125.2	125.7	125.4
Q3	2.83	4.33	5.80	83.25	126.0	126.5	126.2
Q4	3.33	4.83	6.15	85.24	126.1	126.3	126.5
2006 Q1	3.83	5.33	6.40	86.62	125.9	126.3	126.1
Q2	4.42	5.92	6.82	89.11	127.8	128.2	127.8
% change year-over-year last available quarter	N/A	N/A	N/A	10.8%	2.1%	2.0%	2.0%
difference year-over-year last available quarter	1.67	1.67	0.92	N/A	N/A	N/A	N/A
Monthly							
Sep-05	3.00	4.50	5.80	84.92	126.5	126.7	126.8
Oct-05	3.25	4.75	6.00	84.92	126.3	126.5	126.7
Nov-05	3.25	4.75	6.15	84.67	126.2	126.4	126.6
Dec-05	3.50	5.00	6.30	86.13	125.7	126.1	126.1
Jan-06	3.75	5.25	6.30	86.41	125.6	126.0	125.9
Feb-06	3.75	5.25	6.45	87.04	125.8	126.1	126.0
Mar-06	4.00	5.50	6.45	86.40	126.3	126.8	126.4
Apr-06	4.25	5.75	6.75	87.43	127.1	127.6	127.3
May-06	4.50	6.00	6.75	90.13	128.1	128.6	128.2
Jun-06	4.50	6.00	6.95	89.78	128.1	128.5	128.0
Jul-06	4.50	6.00	6.95	88.56	128.2	128.8	128.2
Aug-06	4.50	6.00	6.85	89.42	128.4	129.0	128.3
% change year-over-year last available month	N/A	N/A	N/A	7.7%	2.0%	2.1%	1.8%
difference year-over-year last available month	1.75	1.75	1.05	N/A	N/A	N/A	N/A

* Census Metropolitan Area

Sources: Bank of Canada, Statistics Canada.

Period	Commercial Building Permits			Industrial Building Permits			Urban Housing Starts	
	BC	Vancouver*	Victoria*	BC	Vancouver*	Victoria*	BC	Vancouver*
	($ thousands)			($ thousands)			(number)	
Annual Totals								
1996	1,225,837	675,541	88,661	252,646	151,875	5,499	24,744	15,453
1997	1,358,450	849,207	78,280	285,814	163,773	6,777	25,210	15,950
1998	1,311,124	810,117	76,173	273,279	160,652	15,858	17,631	11,878
1999	1,142,105	652,159	101,453	319,145	172,604	5,931	14,176	8,677
2000	1,297,270	868,865	76,834	295,525	147,574	14,763	12,353	8,203
2001	1,171,233	718,860	86,782	221,353	105,178	21,843	15,689	10,862
2002	1,116,741	746,220	104,278	230,119	129,291	9,167	20,315	13,197
2003	1,129,623	607,764	134,420	244,024	90,082	20,451	24,720	15,626
2004	1,228,027	812,400	67,800	328,050	140,419	8,120	30,875	19,430
2005	1,886,405	1,099,029	183,804	346,203	148,198	9,103	31,119	18,914
% change 2004-2005	53.6%	35.3%	171.1%	5.5%	5.5%	12.1%	0.8%	-2.7%
Quarterly Totals								
2002 Q1	198,407	125,804	18,170	25,849	12,710	2,091	3,659	2,285
Q2	353,724	264,566	28,515	73,400	42,047	3,452	5,279	3,548
Q3	266,902	144,797	41,744	79,205	47,950	2,380	5,934	4,020
Q4	297,708	211,053	15,849	51,665	26,584	1,244	5,443	3,344
2003 Q1	200,086	107,691	27,775	40,679	22,785	1,003	4,206	2,588
Q2	313,669	156,577	29,849	65,985	16,043	1,500	6,097	3,740
Q3	355,162	159,179	54,930	75,441	28,652	12,986	7,678	5,146
Q4	260,706	184,317	21,866	61,919	22,602	4,962	6,739	4,152
2004 Q1	260,672	174,174	14,042	47,164	10,009	3,393	6,079	3,698
Q2	374,553	266,254	17,076	79,549	41,841	1,791	9,008	6,064
Q3	328,277	198,638	13,676	92,804	28,585	1,781	8,533	5,437
Q4	264,525	173,334	23,006	108,533	59,984	1,155	7,255	4,231
2005 Q1	474,469	316,974	19,502	64,891	29,554	5,631	6,240	4,112
Q2	561,904	368,490	45,246	84,315	28,872	928	8,073	4,462
Q3	492,396	248,635	73,290	98,228	39,817	1,897	8,798	5,359
Q4	357,636	164,930	45,766	98,769	49,955	647	8,008	4,981
2006 Q1	444,431	290,977	30,288	67,757	24,401	6,115	7,939	5,093
Q2	621,062	389,719	36,636	97,708	36,187	3,091	8,371	4,868
% change year-over-year last available quarter	10.5%	5.8%	-19.0%	15.9%	25.3%	233.1%	3.7%	9.1%
Monthly								
Sep-05	191,805	111,923	41,198	16,409	5,025	746	3,227	1,991
Oct-05	118,634	57,638	30,123	24,918	11,890	87	2,923	2,009
Nov-05	109,256	45,248	11,089	31,774	18,310	446	2,506	1,341
Dec-05	129,746	62,044	4,554	42,077	19,755	114	2,579	1,631
Jan-06	115,225	78,691	9,991	14,958	4,723	227	2,157	1,089
Feb-06	120,047	72,349	3,124	28,399	9,839	807	2,764	1,988
Mar-06	209,159	139,937	17,173	24,400	9,839	5,081	3,018	2,016
Apr-06	173,687	118,015	7,740	20,940	9,454	319	3,407	2,304
May-06	232,405	129,179	13,244	25,213	10,377	1,020	2,329	1,267
Jun-06	214,970	142,525	15,652	51,555	16,356	1,752	2,635	1,297
Jul-06	246,698	126,619	16,984	23,907	15,173	675	3,479	2,163
Aug-06	-	-	-	-	-	-	2,448	1,313
year-to-date	1,312,191	807,315	83,908	189,372	75,761	9,881	22,237	13,437
% change year-over-year last available month	100.0%	100.5%	23.4%	-46.1%	32.7%	160.6%	-8.2%	-23.8%

* Census Metropolitan Area

Sources: Canada Mortgage and Housing, Statistics Canada.
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Period	Chartered Bank Business Loans in British Columbia			
	Less than $200,000	$200,000 to $500,000	Greater than $500,000	Total
	($ millions)			
Annual Averages				
1996	1,861	1,508	9,162	12,530
1997	1,985	1,724	10,081	13,790
1998	2,172	1,825	11,077	15,074
1999	2,084	1,710	10,807	14,601
2000	2,045	1,605	10,575	14,224
2001	1,896	1,516	9,746	13,158
2002	1,710	1,393	9,373	12,475
2003	1,558	1,297	9,491	12,347
2004	1,597	1,346	9,730	12,673
2005	1,561	1,377	10,490	13,428
% change 2004-2005	-2.2%	2.3%	7.8%	6.0%
Quarterly				
1998 Q1	2,180	1,842	11,115	15,137
Q2	2,174	1,842	11,338	15,354
Q3	2,178	1,816	11,104	15,098
Q4	2,157	1,801	10,750	14,708
1999 Q1	2,128	1,792	10,908	14,828
Q2	2,108	1,735	10,975	14,818
Q3	2,080	1,685	10,876	14,642
Q4	2,020	1,627	10,467	14,114
2000 Q1	2,035	1,631	10,636	14,302
Q2	2,063	1,638	10,812	14,513
Q3	2,059	1,586	10,608	14,253
Q4	2,021	1,564	10,244	13,829
2001 Q1	1,942	1,561	10,171	13,674
Q2	1,890	1,539	9,552	12,981
Q3	1,873	1,502	9,599	12,974
Q4	1,879	1,461	9,662	13,002
2002 Q1	1,842	1,484	9,912	13,238
Q2	1,742	1,439	9,897	13,078
Q3	1,702	1,400	9,344	12,446
Q4	1,552	1,247	8,337	11,136
2003 Q1	1,599	1,312	9,159	12,070
Q2	1,626	1,327	9,795	12,748
Q3	1,445	1,292	9,700	12,437
Q4	1,563	1,258	9,311	12,132
2004 Q1	1,555	1,337	9,560	12,452
Q2	1,545	1,350	9,928	12,823
Q3	1,666	1,348	9,549	12,563
Q4	1,622	1,349	9,882	12,853
2005 Q1	1,566	1,363	10,319	13,248
Q2	1,637	1,388	10,745	13,770
Q3	1,564	1,386	10,206	13,156
Q4	1,478	1,370	10,691	13,539
2006 Q1	1,447	1,345	11,450	14,242
Q2	1,452	1,344	11,899	14,695
% change year-over-year last available quarter	-11.3%	-3.2%	10.7%	6.7%

Source: Bank of Canada

Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments Less Than $10 Million

Period	Balance of Opinion at the Beginning of Quarter* (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage	Unskilled Labour Shortage
	(index)			(%)		
Annual Averages						
1997	4	6	4	10	15	2
1998	8	-13	-7	10	14	1
1999	6	-5	5	9	16	2
2000	8	-1	6	11	20	2
2001	9	-19	-9	9	18	3
2002	1	-6	-1	9	17	3
2003	7	6	11	12	20	2
2004	5	16	16	11	20	5
2005	3	18	16	9	23	8
Quarterly						
2000 Q1	4	-6	-8	9	18	1
Q2	10	13	26	11	21	2
Q3	8	-5	10	13	18	2
Q4	8	-7	-4	9	24	4
2001 Q1	6	-19	-10	10	18	2
Q2	13	-11	19	9	21	3
Q3	10	-23	-6	8	16	3
Q4	8	-24	-38	9	17	3
2002 Q1	3	-26	-16	8	16	4
Q2	2	8	27	10	15	2
Q3	-1	4	3	7	18	4
Q4	1	-9	-17	11	18	3
2003 Q1	6	7	2	14	21	3
Q2	8	6	22	12	18	1
Q3	8	2	10	11	19	2
Q4	7	9	8	10	22	3
2004 Q1	7	5	-2	13	16	3
Q2	5	16	31	13	18	4
Q3	2	23	25	8	21	7
Q4	6	20	11	10	23	6
2005 Q1	1	17	12	7	19	6
Q2	3	26	29	7	23	7
Q3	6	18	22	11	24	8
Q4	2	9	2	10	26	9
2006 Q1	9	20	15	7	27	8
Q2	4	31	37	4	30	9
Q3	-3	19	16	7	33	14

* **Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable. For New Orders and Production, a positive balance of opinion is favourable.

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in January, April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

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Manufacturers' Outlook for Business Conditions
Companies With Annual Shipments of $10 Million or More

Period	Balance of Opinion at the Beginning of Quarter* (net of positive & negative percentages)			Percent of Manufacturers Experiencing Production Difficulties From:		
	Inventory Levels High or Low	Orders Rising or Falling	Anticipated Production This Quarter	Working Capital Shortage	Skilled Labour Shortage	Unskilled Labour Shortage
		(index)			(%)	
Annual Averages						
1997	29	12	12	4	3	1
1998	32	-16	-1	7	3	0
1999	19	6	10	7	4	0
2000	10	10	11	5	5	1
2001	24	-31	-5	6	5	0
2002	15	1	5	7	5	1
2003	15	1	9	9	8	1
2004	7	16	10	7	8	2
2005	12	3	6	5	11	5
Quarterly						
2000 Q1	7	19	12	5	9	2
Q2	19	14	11	6	7	1
Q3	16	7	14	2	2	0
Q4	-4	1	6	5	3	0
2001 Q1	19	-24	-7	4	3	0
Q2	27	-40	4	2	8	0
Q3	37	-33	-9	8	3	1
Q4	14	-26	-7	9	7	0
2002 Q1	15	-5	-2	10	4	1
Q2	13	2	15	2	5	0
Q3	13	11	6	6	5	0
Q4	19	-4	-1	9	6	1
2003 Q1	16	-1	-8	11	12	0
Q2	15	1	15	8	8	1
Q3	20	-6	18	11	7	0
Q4	10	9	10	6	6	1
2004 Q1	5	11	2	7	6	1
Q2	-1	25	24	13	6	1
Q3	16	16	7	4	7	2
Q4	9	13	7	4	12	2
2005 Q1	14	-3	-15	2	11	4
Q2	13	2	26	4	11	5
Q3	9	9	17	5	9	5
Q4	10	4	-3	9	14	4
2006 Q1	7	5	12	6	11	6
Q2	14	19	26	8	16	6
Q3	5	11	10	6	17	11

* **Note:** For Inventory Levels, a positive balance indicates too much inventory, and is thus unfavourable. For New Orders and Production, a positive balance of opinion is favourable.

Note: These data are gathered from the *Business Conditions Survey*, which is conducted quarterly in January, April, July and October. Most responses are recorded in the first two weeks of these months. Manufacturers with more employees have a correspondingly larger impact on the results.

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